

OFFICIAL DISPATCH

VIA: AIR
SPECIFY AIR OR SEA ROUTE

DISPATCH NO. MAVA-4801

SECRET
CLASSIFICATION

TO : Chief, Foreign Division M

DATE: 21 February 1950

FROM : Chief of Station, Vienna W/D

Attention: ☐ ☐

SUBJECT: General Operational Matters - Austria

SPECIFIC: ☐ ☐

Attached for your information and completion of the files on
☐ ☐ are GLA-446 and attachments as stated in para 1. We suggest Karlsruhe, Munich and PCB might be interested in the information contained in
SOI-V-5116.

Attachments

3 att 4/1

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3828
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2006

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FOR COORDINATION WITH Army

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FORM 89, 01-54
APR 1947

MAVA-4801
21 FEB 50

OFFICIAL DISPATCH

VIA: AIR
SPECIFY AIR OR SEA POUCH

DISPATCH NO. MAYA-4801

SECRET
CLASSIFICATION

TO : Chief, Foreign Division M

DATE: 21 February 1950

FROM : Chief of Station, Vienna *WPD*

Attention: ☐ ☐

SUBJECT: GENERAL Operational Matter *Clinton*

SPECIFIC: ☐ ☐

Attached for your information and completion of the files on

☐ ☐ are GLA-446 and attachments as stated in para 1. We suggest Karlsruhe, Munich and POB might be interested in the information contained in SOI-V-8116.

☐ ☐

Attachments

~~2-1-1950~~
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6-6-2-1984

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MEMORANDUM

2P

NO: GLA-446

SECRET

CLASSIFICATION

TO : Chief of Station, Vienna 15 February 1950
ATTENTION: ☐
FROM : Chief, Salzburg Base
SUBJECT: ☐ ☐
REF: ☐

1. Attached are two copies of CIC Report Number 301-V-8710, Subject: Possible False Information to be Sold to Allied Intelligence Agencies, one copy of which has already been forwarded to you and which you have sent on to headquarters. These additional copies are for your files. Attached also are two copies of CIC Report Number 301-V-8116, dated 3 October 1949, Subject: Organization for False Information. The latter report, which is very similar to the former, is supplementary. I doubt very much that the "smoke" peddled by the group is paid for by the Soviets. I believe, rather, that the boys are in the business to make money. The group channels its reports to the CIC through the Azusa Operation, of which Josef Adolf URBAN is a member. It would be interesting to discover whether or not the French, the Swiss, and the Austrian police are still customers.
2. According to ☐ ☐ is no longer in contact with ☐ although the contact between ☐ and SEYLEBAY apparently still exists.
3. Also, according to ☐ ☐ who is a member of the Landesleitung of the Junge Front in Vienna, was seriously considered for appointment as head of the Youth Section (Jugend Referat) of the Junge Front Landesleitung. His name was brought up for approval at a meeting of the Junge Front Executive on 11 February 1950 in Linz. Two of the delegates to the meeting brought forth well-documented charges of homosexuality against ☐ containing specific complaints from soldiers who had been associated with him during the war. A vote on the appointment of ☐ followed and he was turned down almost unanimously.

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4. During August 1949 [] informed [] that [] was considered for the position of Federal Secretary of the Youth Movement of the People's Party (OeVP). Since [] had been previously thrown out of the Youth Movement of the People's Party, a special meeting was held to determine his acceptability. The meeting was declared secret and ex-Nationalrat HANS asked for a discussion of two allegations brought against [] a. That he was a homosexual, and b. That he worked for U.S. Intelligence. The first allegation was answered by a member present who claimed that it could not be true because [] had a girlfriend. HANS declared himself satisfied. [] was asked to comment on the second allegation and he stated that since [] had left the country a year previous, he had no way of checking whether or not the information was true. HANS again declared himself satisfied, but since there was some grumbling, [] was appointed co-secretary in charge of youth activities with another man named to handle administration and finances.
5. The above information is submitted for the sake of completing the files in case any question on [] arises again.

Incl. a/s

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ATTACHMENT I

INVESTIGATIVE ACTIVITIES

Translation of report prepared by ☐ for S/A ☐ 37

1. I have known Fritz ~~MOLLEN~~ personally since 1937 and was in fairly regular contact with him from 1938 until 1945. I am also on fairly friendly terms with his brother, Otto ~~MOLLEN~~.
2. In the summer of 1946, at the International Convention of University Students in Alpbach (also called the Austrian college), which was directed by Otto ~~MOLLEN~~, I met a ~~Harold FRIEDRIKSEN~~. Thereafter I met ~~FRIEDRIKSEN~~ once or twice every three months. In the spring of 1947 ~~FRIEDRIKSEN~~ helped me establish contact with the Youth Section of ~~USACA~~ (Captain ~~GROSMAN~~) in connection with the Youth Group which I had organized.
3. In the summer of 1947, at a second International Student Conference in Alpbach, which I helped organize, I again met ~~FRIEDRIKSEN~~. In the fall of 1947 I gave him my first study on the work done by German cryptographers in the field of front line cryptographic intelligence in Russia. I also prepared a study on the methods of working against Russia in the cryptographic field. These reports were transmitted by ~~FRIEDRIKSEN~~ to Mr. ☐.
4. In the fall of 1947 I was requested by Fritz ~~MOLLEN~~ to give him information on the Communist Youth Movement (~~PCWJ~~). For this purpose I had three friends, who were experienced youth leaders, enter the ~~PCWJ~~. Within a short while the three had reached high positions in the organization (Project Cobra). At the same time (fall of 1947), at the request of Fritz and Otto ~~MOLLEN~~, I took part in a project to organize the Austrian youth prepared to work actively against Communism. In this connection I met ~~BLUTHGEN~~ in Vienna and Georg ~~GAUFF~~ and Dr. Kunnata ~~KOTTULINSKY~~ in Salzburg. I also worked with Dr. ~~STRACHWITZ~~, whom I had known since 1937. I first met ~~GAUFF~~ in 1921.
5. In December 1947 Mr. ☐ contacted me as a result of the two studies which I had prepared for ~~FRIEDRIKSEN~~. I was not allowed to continue my contact, presumably at the insistence of Fritz ~~MOLLEN~~. The penetration of the ~~PCWJ~~, undertaken on behalf of Fritz ~~MOLLEN~~, was expanded to the creation of another group organized by my friend, Herbert ~~BAUMANN~~, whose wife is a Communist official and works in the Soviet telephone censorship headquarters in Vienna, Schiller Platz.
6. ~~BAUMANN~~, whom I also first met at Alpbach, is president of the Academic Freedom Fighters, a non-partisan student organization with connections in all parties.
7. In the summer of 1948, a certain Alfred ~~KLIOVSKY~~ was introduced to ~~BAUMANN~~ by the secretary of the Academic Freedom Fighters, Theodor ~~ALBRECHT~~. Up to this time, ~~KLIOVSKY~~ had been collecting intelligence on the eastern countries for a certain Josef Adolf ~~UBERAN~~. He too was married to a Communist girl, important in the Communist Youth Movement, and he seemed to be able to produce good material.
8. On the advice of Fritz ~~MOLLEN~~, ~~KLIOVSKY~~ was built into the ~~BAUMANN~~ intelligence organization, however, in such a way that he did not meet other members of the group.

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entered the left-wing Socialist Party (SCHARF) and a number of others entered the Communist Youth Movement. Furthermore, through a friend, Otto VESSELY of the Concentration Camp Association, I established contact with the State Police and its Vienna Chief, PETERLUNGER. I had three meetings with PETERLUNGER which helped to clarify the situation which can be described as follows:

MLKOVSKY apparently for some time had been "doctoring" and "improving" his information for the purpose of impressing me and bringing something really worthwhile. He did not do this with bad intention or with anyone's orders. His "doctoring" consisted chiefly of presenting vague rumors as proven facts and casual friends as regular witting informants. Since he got around quite a bit and heard quite a bit, there was always an element of truth in his reporting. When URBAN was released from prison, he came to MLKOVSKY for help and asked him to provide him with intelligence reports with which he could again set himself up in business. MLKOVSKY provided reports to URBAN, but curiously enough, for nothing. URBAN repaid him by introducing him to new potential sources in Vienna, including SCHIGUTT and SWANIKOW, with whom MLKOVSKY exchanged information. Furthermore, in order to be of help to URBAN, MLKOVSKY greatly increased the degree of "doctoring" information and gave his imagination full play. As a result, during a period of three weeks (mid-December 1948 to early January 1949), a large number of almost completely falsified reports were passed to URBAN and sold to any number of other customers. I was able to establish that PETERLUNGER received MLKOVSKY's reports twenty-four hours later from URBAN and three days later from the French IS.

15. The URBAN Project (MLKOVSKY Project) was liquidated in January 1949. Special care was taken that I would not be endangered. MLKOVSKY promised to withdraw completely from intelligence work. Since that time I have had no intelligence contact with him. I have seen him two or three times when he has come to borrow money. All the steps taken by me on the MLKOVSKY affair were taken with the knowledge and approval of Mr. SCHAFER who acknowledged that, in view of the great difficulties inherent in the situation, I had handled the matter very well. In February and March 1949 I dropped all contacts not immediately necessary (to my positive intelligence collection), including contact with the State Police. I continued to use only my own trusted group. It became evident that my group was able to work independently and that they were not only able to produce good intelligence but to work actively in breaking up Communist Youth groups.

16. Mr. SCHAFER was most interested and helpful in the building up and expansion of my work. On 30 April 1949, I had a sporting accident which resulted in the crushing of my knee. In order to be able to continue my work, I took a private room in a hospital. My health insurance did not cover the cost of the private room but Mr. SCHAFER promised to help pay the expenses. In the hospital, Mr. SCHAFER promised further to obtain a new sponsor for my project since he stated that the existing budget of 5,000 schillings per month was no longer sufficient to support my work or even to pay operating expenses. (I was then paying from thirty to forty persons.) In this Mr. SCHAFER was correct since at the time I

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was frequently forced to put money obtained from my parents into the venture. When I got out of the hospital in early June 1949, I did everything possible to get my group into operation again.

17. At this point, in mid-June 1949, Mr. SCHAFER, who up until that time had been advising me to build up my organization as fast as possible, surprised me with the unpleasant news that my project must be considered terminated as of the end of June and that he had not received approval for the support of a new project. After considerable discussion we agreed that the 5,000 schillings allotted to the project for June 1949 should be used to support those members of my group who did not have other sources of income and that I should try to keep my organization alive since approval of a new project could be expected soon.

18. At the beginning of July 1949 the June budget was not forthcoming. Since, however, I had more or less contractual obligations to members of my group, I took the necessary money from the funds of the youth organization which I conducted (funds collected for the construction of a youth hostel), on the understanding that the 5,000 schillings from Mr. SCHAFER would be forthcoming. In mid-July 1949, Mr. SCHAFER informed me that it would take longer to get the money since there was an accounting problem as to whether the money had been paid in advance or at the end of the month. It was his understanding and mine that we had been getting the money at the end of each month and that, therefore, the June budget was normally paid out on or about 1 July. Mr. SCHAFER promised to intervene and promised that he would get the money.

19. In September 1949, Mr. SCHAFER informed me that his intervention had had no success and that he was leaving Austria. He assured me, however, that in two weeks or at the latest in November, I could count on: (a) receiving the 5,000 schillings and (b) receiving approval for the continuance of my work which he regarded as most promising. He urged me to continue my activity and said that if I needed anything important, I was to call the telephone number at his office.

20. By November 1949 I had heard nothing from Mr. SCHAFER. At that point I was 10,000 schillings in debt, including the 5,000 schillings for June which I had borrowed from my youth organization, 4,500 schilling expenditure for doctor and hospital bills and 5,000 schillings miscellaneous debts. I had no idea what to do with my group which in parts was still functioning well. I felt the need not only of financial but of moral backing and I needed assistance in case anything went wrong.

21. I called the number given me by Mr. SCHAFER and a meeting was arranged with a man, whom I cannot identify, in the Allians Building. Since this man did not know the background of the story, and since my knowledge of English was not sufficient to explain everything, our conversation was not too satisfactory. The man promised to communicate with me in two weeks. Since then I have heard absolutely nothing.

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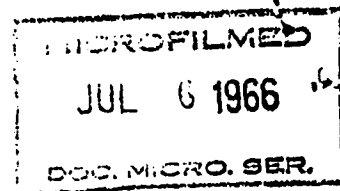
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GLA-446

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W/atts.

HEADQUARTERS
COUNTER INTELLIGENCE CORPS.
(430th CIC Detachment)
City of Vienna Sub-Detachment
APO 777 U.S. Army



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FFH/jdf
13 January 1950
SOI-V-9710

SUBJECT: Possible False Information to be Sold to Allied Intelligence Agencies

SUMMARY OF INFORMATION:

The following information was submitted by a confidential Informant of this Office who obtained the details from a well informed Austrian newspaper correspondent. Evaluation: Source B (usually reliable); Sub-source C (fairly reliable); Information 3 (possibly true).

According to Sub-Source, a group of individuals is active in Vienna planning to draft up a number of lengthy reports, all of them containing false information; the group intends the information as "smoke" to Allied intelligence agencies. Sub-source stated that the following individuals were active members of the group: Josef ~~URBAN~~; Heinz ~~PROEHLICH~~; Ferdinand ~~ELCHOWSKY~~; ~~HOCHLITZ~~ by Giesshueberl, Sieglung Rosendorfergasse 208, VIENNA XII; Fritz ~~KEES~~ (alias ~~VEIDL~~), VIENNA IV, Wiedner Hauptstrasse 113/1/18; Dr. Arthur ~~REINHOLD~~, VIENNA I, Sibenstrasse 15; Herbert ~~BAUER~~, VIENNA VI, Koenigsloestergasse 7/13; Alexander ~~VODOPIVEC~~, VIENNA VI, Sandwirtgasse 16/6; Dr. Erich ~~RUDAK~~, VIENNA VI, Liniengasse 6/13. Sub-source reported that the aforementioned group started operating about November 1948, but became really active in February-March-April 1949. Sub-source believed that ~~ELCHOWSKY~~, whose uncle is a director in the Hotel Imperial, VIENNA I, discussed the idea of peddling false information to Allied intelligence agencies with a Soviet official (nu) in the Hotel Imperial. Sub-source's belief was allegedly substantiated by an important KPOe official who told Sub-source that the plan to peddle "smoke" was carried out on orders from unnamed officials.

Sub-source claimed that the following information will allegedly be peddled by the group in the near future: (1) a plan containing KPOe and Soviet activities which these two groups intend to implement in the next four months; (2) a KPOe plan to utilize the economic situation in Austria; allegedly this plan calls for strikes to be instigated in January-February 1950; (3) Soviet plans for a critical attitude against Austrian government officials, including specific action against certain party officials; (4) KPOe plans for increased activity on the part of Bezirk and Sprengelleiters; this activity will include making up lists of local people, their occupation, and political affiliations; (5) a report that Erwin ~~ZUCKER-SCHILLING~~ is in bad grace with the Soviet Element;

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(6) reports about the new Cominform party line; (7) a report about alleged personnel changes in the KPOe ZK, including the names of functionaries shifted. Sub-source stated that he was offered copies of the aforementioned "smoke" plans, and the items listed in points one through seven above are those he especially remembered. He felt reasonably sure that the group would bring the "smoke" plans on the market in the near future.

(AGENT'S NOTE: The report that Erwin ZUCKER-SCHILLING is in the dog house with the ZK and the Soviet Element as mentioned in point five above has been prevalent for several weeks. Claims that ZUCKER-SCHILLING would be removed from his position as chief editor of the KPOe paper "Volksstimme" were carefully checked by this office and found to be unsubstantiated. This would seem to indicate that one of the "smoke" reports may possibly be in circulation, at least verbally.)

FILE CHECK:

SOI-V-8116, dated 3 October 1949, Subject: "Organization for False Information" mentions a group of individuals engaged in supplying false information to all possible buyers. Members of the group mentioned in reference SOI-V-8116 include all personalities listed as group members in this report except Dr. Erich RUBAK.

Source: As stated

/s/ PAUL F. HAEFNER
PAUL F. HAEFNER
S/A CIC

HEADQUARTERS
COUNTER INTELLIGENCE CORPS
(430th CIC Detachment)
City of Vienna Sub-Detachment
APO 777 U.S. Army

PPH/jdf
3 October 1949
301-V-8116

SUBJECT: Organization for False Information

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SUMMARY OF INFORMATION:

The following information about an organization that authenticates false information was submitted by Informant 1009, an Austrian newspaperman with KPOe contacts on Bezirk level. Evaluation: Source B - (usually reliable); Information 3 (possibly true).

Source alleges that a group of individuals are engaged in supplying false information about the KPOe and the Soviets to whomever will buy information. This false information supposedly includes the KPOe "Putschplan" (Plan B), the Soviet "Oil Plan", reports of secret KPOe ZK sessions, and secret reports of communist front organizations. According to Source, Austrian government officials are aware that subject group exists.

The chief source of false information is alleged to be Joszi URBAN. He claims to receive 3000 US dollars per month from the US Intelligence Service in EUCOM; this sum presumably maintains a net of about 20 agents. URBAN allegedly has contacts in the satellite countries; contact is maintained through sleeping car attendants on international trains.

URBAN claims that he does not work for CIC but is directly responsible to a FRANKFURT, Germany office. He was allegedly arrested by Austrian authorities for illegal foreign currency exchange activities; the US element then placed him under its own jurisdiction to maintain control over him. He was released to continue his activities.

Two co-workers of URBAN are Heinz FROEHLICH, former SS man, and Ferdinand MUCKOVSKY. The latter is alleged to be the nephew of the Hotel Imperial director. According to Source, MUCKOVSKY was the author of the KPOe "Putsch Plan"; he has excellent contacts among the Soviets and the KPOe, for whom he passes out information provided for distribution.

Fritz NEEB, alias (fmu) VEIDL, VIENNA V, Wiednerhauptstrasse 113, is reported to be another URBAN assistant. NEEB allegedly works for the personal Information Service of State Secretary GRAF. According to Source, NEEB and MUCKOVSKY are close associates.

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Source stated that KEEB, MELCHOVSKY, and (fnu) REINHOLD, former DU executive committee chairmen, worked together. REINHOLD supplied KEEB information about the DU; KEEB then passed the information to GRAF, who in turn gave KEEB spurious information about the OeVP. This false OeVP information was eventually distributed again by REINHOLD. Ing. Richard WOLF, general secretary of the DU, ousted REINHOLD from the DU when he became aware of the latter's activities. REINHOLD is alleged to have been the seller of the KPOe "Putsch Plan" to the Western powers.

Herbert BAULMAN, VIENNA VI, Koenigsklostergasse 7, is reputedly another member of the URBAN group. BAULMAN alleged to Source that he (BAULMAN) worked for US intelligence during the war. Source indicated that BAULMAN seems to have some protection, but was unable to determine the protector's identity. BAULMAN's wife, (fnu) nee GOLDSCHIED, is alleged to be a KPOe member; she was prominently seen during the May Day demonstration. She meets frequently with representatives of the Soviet Element.

Alexander VODOPIVEC, of the ERP press office in the Chancellory, is a member of the URBAN group. He is allegedly the VIENNA correspondent of the "Tiroler Tageszeitung". He had false information about the KPOe printed in his paper several times. Allegedly VODOPIVEC sold false information about the KPOe to the French Intelligence Service; they checked the information with the State Police and found it to be untrue.

Source stated that the origin for false reports put out by the URBAN group is in the KPOe and DU. Source was not able to obtain names of the persons in the KPOe and DU that furnish information to the URBAN clique.

FILE CHECK:

Memo from ODI dated 15 November 1948, Subject: "Democratic Union" lists Dr. Arthur REINHOLD as a member of the Federal Committee of the Democratic Union.

Otherwise negative.

Source: 1008

PAUL F. HAEFNER
S/A CIC

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